



SMALL BUSINESS LOAN GUARANTEE PROGRAM

The Small Business Loan Guarantee Program (SBLGP) enables a small business to obtain a term loan or line-of-credit when it cannot otherwise qualify for a loan. The program allows a business to not only obtain a loan it could not otherwise obtain, but to establish a favorable credit history with a lender. With that, the business may obtain further loans on its own, without the assistance of the program.

How to Apply: Contact directly, or through your bank, the Financial Development Corporation (FDC) nearest to you. The locations of the state's FDCs can be found at www.bth.ca.gov.

Eligible Applicants: Any small business as defined by the Federal Small Business Administration (SBA), i.e. businesses, which employ one hundred people or less.

Eligible Uses: Proceeds must be used primarily in California, and for any standard business purpose beneficial to the applicant's business, such as expansion into new facilities or purchase of new equipment.

Guarantee Amount: Guarantees can cover up to 90% of the loan amount, with the guaranteed portion of the loan not exceeding \$500,000. The guaranteed percentage varies and subject to negotiation between the FDC and the lender.

Loan Information: The term of the loan guarantee may extend up to seven years. Interest rates are negotiated between the borrower and the lender. The FDC may charge a guarantee fee of up to 2% of the amount guaranteed, plus a documentation fee of \$250. Processing time takes three to five weeks, depending on how fast the applicant provides the necessary information and documentation, and on the lender's responsiveness. Collateral is generally required with each transaction tailored to meet the borrower's financial situation.

Contact

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